



Department of Justice

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Southern District of Indiana

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ROBERT PENN SENTENCED TO 7 YEARS IN PRISON FOR MORTGAGE FRAUD CRIMES

**Two Co-Defendants, Stephen Scott Brown and Tamara E. Scott
Sentenced to 37 Months and 24 Months**

PRESS RELEASE

INDIANAPOLIS - Robert Andrew Penn, 44, formerly of Indianapolis, was sentenced to seven years in prison late yesterday by Circuit Judge David F. Hamilton for Penn's part in a multi-million dollar mortgage fraud scheme in the Indianapolis area. Penn had entered guilty pleas to charges of wire fraud, conspiracy to commit wire fraud, and money laundering. Two co-defendants, Tamara E. Scott, age 50, Indianapolis, was sentenced to 24 months in prison for conspiracy to commit wire fraud and money laundering, and Stephen Scott Brown, age 37, Indianapolis, was sentenced to 37 months in prison for conspiracy to commit wire fraud and money laundering.

These sentencings follow a lengthy investigation conducted by Special Agents of the Internal Revenue Service - Criminal Investigation Division with assistance from the Federal Bureau of Investigation. A total of nine individuals have been charged in these schemes. Jerry Jaquess and Timothy Brown were previously sentenced to 30 months and 37 months in prison, respectively, and the remaining cases are currently pending before Circuit Judge Hamilton. The investigation is continuing as to other individuals who were involved in the mortgage fraud schemes.

Between November 2003 and August 2005, at least 136 fraudulent loans, totaling \$16,613,850.00, were obtained by Penn and his numerous business entities, assisted by Scott Brown, and others. The loans were obtained from Argent Mortgage Company, The MoneyStation, and People's Choice Mortgage / Countrywide Home Loans. Penn accepted responsibility for all 136 of these loans.

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Penn and his associates owned and operated numerous business entities which were created and used to illegally obtain loans on residential real estate properties in the Indianapolis area. Penn controlled and directed the activities of the other people involved in the illegal activities. Scott was married to Penn during the commission of all of the mortgage fraud crimes, and was involved in the business activities of most of the entities used to purchase, sell and manage properties in the fraudulent transactions. Brown was involved in the mortgage brokerage business and assisted in brokering many of the loans with Argent Mortgage Company and The MoneyStation.

Of the 136 fraudulent loans charged, 39 loans related to the purchase of properties from individual sellers, generally individuals who either did not have their homes listed to sell, or had them listed as "for sale by owner." These loans totaled over \$7,000,000.00 and were all issued by Argent Mortgage Company.

The remaining 97 fraudulent loan transactions charged all relate to the sale of duplexes in the Windsor Village neighborhood, located near Arlington Avenue and 21st Street, on the east side of Indianapolis. These loans totaled over \$9,312,000.00 and were funded by Argent Mortgage Company, The MoneyStation and by People's Choice Mortgage, a warehouse lender in Kentucky who had a correspondent lending agreement with Countrywide Home Loans in California. Countrywide Home Loans purchased all of these loans shortly after they were funded. All of the loans involved in the schemes went into default, and the lenders either foreclosed on the homes or took other action, including granting deeds in lieu of foreclosure or allowing short sales of the properties.

Scott's involvement in the business included attending closings and signing fraudulent documents, receiving checks for fraudulent loan proceeds, depositing those checks to corporate bank accounts, obtaining cashiers' checks to pay co-conspirators, and directing others in the disbursements to be made from the corporations. As part of the Windsor Village transactions, Scott, at Penn's direction, added the names of investors to bank accounts of numerous entities and forged their signatures on bank account signature cards, to make it appear that the investors had assets which they did not have. Scott's sentence reflected her involvement in approximately 130 fraudulent loans (including all 97 Windsor Village loans). The total amount of those loans was \$14,931,300.00. Her total fraud loss was calculated at \$6,149,300.00.

Stephen Scott Brown's participation included filling out false loan applications, obtaining false documents, obtaining inflated appraisals, and submitting the fraudulent loan packages to the lenders, knowing the documents to be false. Brown received \$1,500-2,000 for each fraudulent loan which he brokered. He also assisted in funding some of the fraudulent down payments. Stephen Scott Brown's sentence reflected his involvement in 43 fraudulent loans, including the first 11 Windsor Village loans. The total amount of those loans was \$6,575,300.00. The actual loss was calculated at \$2,793,412.64.

According to Assistant United States Attorney Susan Heckard Dowd, who prosecuted these cases for the government, Circuit Judge Hamilton also ordered Penn, Scott and Brown to serve three years on supervised release following their incarceration and make restitution as follows:

Penn	\$11,411,722.32
Scott	\$11,122,891.82
Brown	\$ 2,793,412.64

The remaining defendants charged in these schemes are set for sentencing hearings before Circuit Judge Hamilton as follows:

Mark Roth	January 11, 2010	2:00 p.m.
Aaron Warren	February 2, 2010	9:30 a.m.
Donald Brown	February 2, 2010	10:30 a.m.
Keven LaFavers	February 2, 2010	2:30 p.m.

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